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OUTGOING TELEGRAM

Department of State

INDICATE: ☐ COLLECT ☐ CHARGE TO

773.5MSP

EXCISE

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1958 APR 18 PM 2:40

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DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY J.M.Razi DATE 5/6/82

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SENT TO: Amembassy, TRIPOLI 825
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Xxfx Deptel 611 to Tripoli

In view of Secretary's undertaking to Selwyn Lloyd, Ambassador should at earliest opportunity discuss with Prime Minister Kubaar US assistance to Libya for FY 58. You might point out to Prime Minister that, because of time element, we feel it desirable to proceed with aid negotiations as soon as possible. Suggest you inform Prime Minister of US plans as follows:

1. US has sympathetically reviewed Libya's economic situation in light UK reduction in aid and is prepared increase assistance for economic development to $15 million this year. This in addition $4 million special purpose funds. In addition US willing to provide 10,000 tons PL 480 relief wheat if need can be justified (ICATO ~~XXX~~ 339) and provide loan of equivalent $1 million in rupees. This represents approximately same level of development aid as was made available in FY 57 which included special Richards Mission funds but it does not include such loans as may be provided through Development Loan Fund for specific projects. DLF now actively considering loan for Tripoli power project for $5 million.

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Drafted by: ~~AF:AFN:~~ EGDoyros:bjs 4/15/58

Telegraphic transmission and classification approved by: AF - Joseph Palmer 2nd

Clearances:

ICA - ~~Miss Belcher~~ Mr. Schiffman (draft)
W/MSC - ~~Mr. Barnes~~ Mr. Barnes
Defense - Col. Shepley (draft)
AF - Mr. Dolgin

S/S CR

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2. US appreciates Libya's desire to strengthen its Army and in recognition of the importance attached by Libyan Government to this objective has already provided a significant amount of military equipment for the Libyan Army. We are prepared discuss with the Libyan Government its plans for the Libyan Army and would be willing to assist further by providing such items of unit equipment as may be agreed upon to further ~~the~~ development of ~~the~~ Libyan Army along lines suited to Libya's needs.

Department realizes Prime Minister may be unwilling enter into any firm agreement until negotiations with UK have been completed. As indicated in exchange of messages between ~~the~~ Secretary and Selwyn Lloyd the principal purpose US approach to Libyans at this time is to make known to them full extent of US assistance. In so doing we hope to reassure Libyans that increased assistance offered by ~~the~~ US, when combined with what British prepared to offer, will be adequate to meet their needs, particularly since $3 million of US FY 58 Defense Support Funds generated through commodity imports could be allocated for budget support, and if necessary $2.5/million/additional Defense Support funds plus whatever portion $4 million special funds which might be diverted could be made available this purpose. [redacted] B-1 EB

You may at your discretion inform Libyans that we have discussed Libyan needs with the British and have emphasized need for both UK and US do everything they can to assist. We note with interest that UK-Libyan discussions will be resumed in London towards end this month.

Embassy London may inform FONOFF in general terms substance this message.

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